

Logan County, Oklahoma Jail Authority
Guthrie, Oklahoma

Audit Report
for the year ended June 30, 2013

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Independent Auditor's Report

To the Board of Trustees
Logan County, Oklahoma Jail Authority
Guthrie, Oklahoma

I have audited the accompanying financial statements of the business-type activities of Logan County Oklahoma Jail Authority as of and for the year ended June 30, 2013, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Logan County, Oklahoma Jail Authority as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States.

Emphasis of Matter

As discussed in Note A, the financial statements present only the Logan County, Oklahoma Jail Authority and do not purport to, and do not, present fairly the financial position of the Logan County, State of Oklahoma, as of June 30, 2013, and the changes in its financial position, or, where applicable in the United States of America. My opinion is not modified with respect to this matter.

Other Matters

In accordance with *Government Auditing Standards*, I have also issued my report dated July 17, 2014, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this report is to describe the scope of my testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Logan County, Oklahoma Jail Authority has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although, not required to be part of, the basic financial statement.



Linda S. Woodruff CPA, PC
Oklahoma City, Oklahoma
July 17, 2014

Logan County, Oklahoma Jail Authority
Guthrie, Oklahoma

Basic Financial Statements
for the year ended June 30, 2013

Logan County, Oklahoma Jail Authority
Statement of Net Position
June 30, 2013

	Enterprise Funds	
	Operating	Total
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 2,146,571.67	\$ 2,146,571.67
Taxes Receivable	368,734.00	368,734.00
Interest Receivable	165.00	165.00
Other Receivables	-	-
Prepaid Expenses	-	-
Total Current Assets	<u>2,515,470.67</u>	<u>2,515,470.67</u>
Non- Current Assets		
Capital Assets		
Land	382,910.00	382,910.00
Building and Improvements	7,764,110.28	7,764,110.28
Equipment	477,968.00	477,968.00
Less Accumulated Depreciation	(1,684,797.54)	(1,684,797.54)
Total Non-Current Assets	<u>6,940,190.74</u>	<u>6,940,190.74</u>
Total Assets	<u>\$ 9,455,661.41</u>	<u>\$ 9,455,661.41</u>
Deferred Outflows of Resources	-	-
Total Deferred Outflows	<u>-</u>	<u>-</u>
Liabilities		
Current Liabilities		
Accounts Payable	-	-
Salaries Payable	-	-
Accrued Interest Payable	-	-
Other Accrued Expenses	6,865.00	6,865.00
Current Portion--Long-Term Debt	<u>903,808.00</u>	<u>903,808.00</u>
Total Current Liabilities	<u>910,673.00</u>	<u>910,673.00</u>
Non-Current Liabilities		
Note Payable	2,006,081.00	2,006,081.00
Less: Current Portion	<u>(903,808.00)</u>	<u>(903,808.00)</u>
Total Non-Current Liabilities	<u>1,102,273.00</u>	<u>1,102,273.00</u>
Total Liabilities	\$ 2,012,946.00	\$ 2,012,946.00
Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>
Total Deferred Inflows	<u>-</u>	<u>-</u>
Net Position		
Invested in Capital Assets, Net Related Debt	4,934,109.74	4,934,109.74
Unrestricted	<u>2,508,605.67</u>	<u>2,508,605.67</u>
Total Net Position	<u>\$ 7,442,715.41</u>	<u>\$ 7,442,715.41</u>

The accompanying notes are an integral part of the basic financial statements.

Logan County, Oklahoma Jail Authority
Statement of Revenues, Expenses, and Changes Net Position
Year Ended June 30, 2013

	Enterprise Funds	
	Operating	Total
Revenues		
Sales Tax Revenue	\$ 3,036,020.82	\$ 3,036,020.82
Total Revenue	3,036,020.82	3,036,020.82
Expenses		
Personal Services	810,875.00	810,875.00
Professional Fees	13,538.00	13,538.00
Management Fees	2,000.00	2,000.00
Occupancy Expense	1,175.72	1,175.72
Office Supplies and Expenses	912.00	912.00
Depreciation	307,748.54	307,748.54
Total Operating Expenses	1,136,249.26	1,136,249.26
Operating Income (Loss)	1,899,771.56	1,899,771.56
Non-Operating Revenues (Expenses)		
Interest and Investment Revenue	1,423.00	1,423.00
Miscellaneous Revenue		
Operating Grants and Contributions		
Interest Expense	(98,720.00)	(98,720.00)
Miscellaneous Expenses		
Total Non-Operating Revenues (Expenses)	(97,297.00)	(97,297.00)
Change in Net Position	1,802,474.56	1,802,474.56
Total Net Position- Beginning	5,640,240.85	5,640,240.85
Total Net Position- Ending	<u>\$ 7,442,715.41</u>	<u>\$ 7,442,715.41</u>

The accompanying notes are an integral part of the basic financial statements.

Logan County, Oklahoma Jail Authority
Statement of Cash Flow
Year Ended June 30, 2013

Cash Flow from Operating Activities	
Cash Payments from Sales Tax	\$ 2,896,114.82
Cash Payments to Suppliers for Goods and Contractors and Other Services	<u>(930,279.87)</u>
Net Cash Provided by Operating Activities	1,965,834.95
Cash Flows from Capital and Related Financing Activities	
Acquisition & Construction of Capital Assets	(52,128.28)
Long-Term Debt Retired	<u>(867,566.00)</u>
Net Cash Used in Capital and Financial Activities	(919,694.28)
Cash flows from investing activities	
Interest Income	<u>1,423.00</u>
Net Cash Provided by Investing Activities	1,423.00
Net Increase (Decrease) in Cash	1,047,563.67
Cash and Cash Equivalents - Beginning	<u>1,099,008.00</u>
Cash and Equivalents - End	<u><u>2,146,571.67</u></u>
Reconciliation of Operation Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 1,899,771.56
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	307,748.54
Interest Expenses	(98,720.00)
Changes in Assets & Liabilities:	
(Increase) Decrease in Sales Tax Receivable	(139,906.00)
(Increase) Decrease in Interest Receivable	(95.00)
Increase (Decrease) in Accrued Interest	<u>(2,964.15)</u>
Total Adjustments	66,063.39
Net Cash Provided by Operating Activities	<u><u>\$ 1,965,834.95</u></u>

The accompanying notes are an integral part of the basic financial statements.

**Logan County, Oklahoma Jail Authority
Guthrie, Oklahoma**

**Notes to the Financial Statements
June 30, 2013**

Organization

The Logan County Jail Authority (The Authority) was created by a Trust Indenture, dated November 19, 2001, for the use and benefit of Logan County, Oklahoma under authority of and pursuant to Title 60, Oklahoma State Statutes 2001, section 176 et seq., as amended and supplemented, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma. The Authority was formed for the purpose of constructing a county jail for the use by Logan County, Oklahoma. An election was held on March 1, 2005, to approve the sales tax resolution levying a three-quarters of one percent (0.75%) excise tax. The Authority began receiving the sales tax in August 2005. The beneficiary of the trust is Logan County, Oklahoma.

Note 1 – Summary of Significant Accounting Principles

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with *Generally Accepted Accounting Principles* (GAAP) promulgated in the United States of America. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the statement of net assets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Depreciation expense provides for capital assets based upon estimated useful lives.

Cash Equivalents and Investments

1. *Deposits and Investments* – Oklahoma Statutes authorize the District to invest in certificates of deposits, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. All the bank deposits are held at one financial institution and are carried at cost. For purposes of statements of cash flow, the District considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The District's cash deposits, including interest bearing savings account, are entirely covered by Federal Depository Insurance Corporation (FDIC).
2. *Fair Value of Financial Instruments* – The District's financial instruments include cash and cash equivalents, and accounts receivable. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial condition. The carrying amounts of these financial instruments, approximates fair value because of the short maturity of these investments.
3. *Estimates* – The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets of liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Logan County, Oklahoma Jail Authority
Guthrie, Oklahoma**

**Notes to the Financial Statements
June 30, 2013**

Note 1 – Summary of Significant Accounting Principles (Continued)

4. *Capital Assets* – Additions to the buildings, equipment, and improvements are recorded at cost or, if contributed property, at their estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The Authority does not currently have a capitalization policy in place.

Depreciation has been calculated on each class of depreciable property using the straight-line method.

Building	30 years
Equipment	10 years
Improvements	10 years

Note 2 – Capital Assets

At June 30, 2013 the total expended for the construction of the jail is as follows

Land	\$	382,910.00
Buildings		7,746,889.28
Improvements		17,221.00
Equipment		<u>477,968.00</u>
Total Cost		8,624,988.28
Depreciation	\$	<u>(1,684,797.54)</u>
Net Depreciable Total	\$	<u><u>6,940,190.74</u></u>

**Logan County, Oklahoma Jail Authority
Guthrie, Oklahoma**

**Notes to the Financial Statements
June 30, 2013**

Note 3 – Note Payable

On April 12, 2005 the Authority borrowed \$7,940,000 from Bancfirst to finance the construction of the jail. The note is a sales tax revenue note that is collateralized by bank qualified series 2005 bonds. The Authority paid interest only payments until September 1, 2005. At that time they began making monthly payments of principal and interest. The note bears interest at 4.1% and matures August 1, 2015.

A summary of Long-term debt transactions for the year are as follows:

Balance June 30, 2012	\$ 2,873,647.00
Additions	
Retirements	<u>\$ (867,563.00)</u>
Balance June 30, 2013	<u>\$ 2,006,084.00</u>

Future maturities of long- term debt service requirements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1	903,808.00	65,390	969,198
2	941,567.00	27,631	969,198
3	160,709.00	824	161,533
4	-	-	-
5	-	-	-
	<u>2,006,084.00</u>	<u>93,845.00</u>	<u>2,099,929.00</u>

Note 4—Subsequent Events

The Authority has changed the method for paying operational costs since June 14, 2013. Costs of salaries, worker's compensation, payroll taxes and maintenance/operations are being paid through the budget at the County level instead of direct payments from the Trust Authority. At the end of the fiscal year, \$60,570 had been encumbered for these categories but not spent. The Authority plans to use this method for accumulating extra funds to pay debt earlier than originally scheduled.

Logan County, Oklahoma Jail Authority
Guthrie, Oklahoma

Report Required by *Governmental Auditing Standards*

**Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees
Logan County, Oklahoma Jail Authority
Guthrie, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Logan County, Oklahoma Jail Authority as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Logan County, Oklahoma Jail Authority's basic financial statements and have issued my report thereon dated July 17, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Logan County, Oklahoma Jail Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Logan County, Oklahoma Jail Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of Logan County, Oklahoma Jail Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Logan County, Oklahoma Jail Authority
Guthrie, Oklahoma**

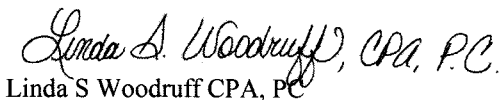
**Schedule of Findings and Responses
for the year ended June 30, 2013**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Logan County, Oklahoma Jail Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Linda S Woodruff CPA, PC

Oklahoma City, Oklahoma
July 17, 2014